

Virginia Department of Human Resource Management



COMMISSION ON EMPLOYEE RETIREMENT SECURITY & PENSION REFORM

WORKFORCE WORKING GROUP

**HOUSE ROOM D, VIRGINIA GENERAL ASSEMBLY
RICHMOND, VIRGINIA**

OCTOBER 20, 20176

Workforce Succession Trends



State Government Workforce Succession Trends

3

Measure	FY 16 State	FY 15 State	FY 14 State	FY 14-16 Industry	Industry Source
Turnover Rate	14.1%	13.15%	11.1%	6-10%	World@Work Benchmark All industries
Time to Fill Vacancies	72 days	72 days	88 days	25 days	BLS – All Industries
Employment Offer Acceptance Rate	88.8%	88.8%	88.8%	80%	Society for Human Resource Management
Average Tenure Rate	11.8 years	12 years	12 years	7.8 Years	BLS – Public Employers Industry Norm
Eligibility for Flex Work Schedule	~50%	~50%	~50%	27.5%	BLS – Industry Norm Across All Industries
Average Employee Age	46.6 years	47 years	47 years	42.4 years	BLS – National Average All Occupations All Industries
Percentage Eligible to Retire	11.7%	12.1%	11.6%	13%	US Census Social Security Benchmark of 65
Average Age at Retirement	62.1 years	62.5 years	61.5 years	62 years	BLS – Gallup Report All Industries
Non-Cash Compensation (Benefits)	44.0%	44.5%	48.4%	36%	BLS – Employer Costs – State & Local Government
Internal/External Hiring Rate	41.4%/58.6%	32.5%/67.8%	40.3%/59.7%	65%/35%	Pricewaterhouse Coopers LLP

10/20/2016

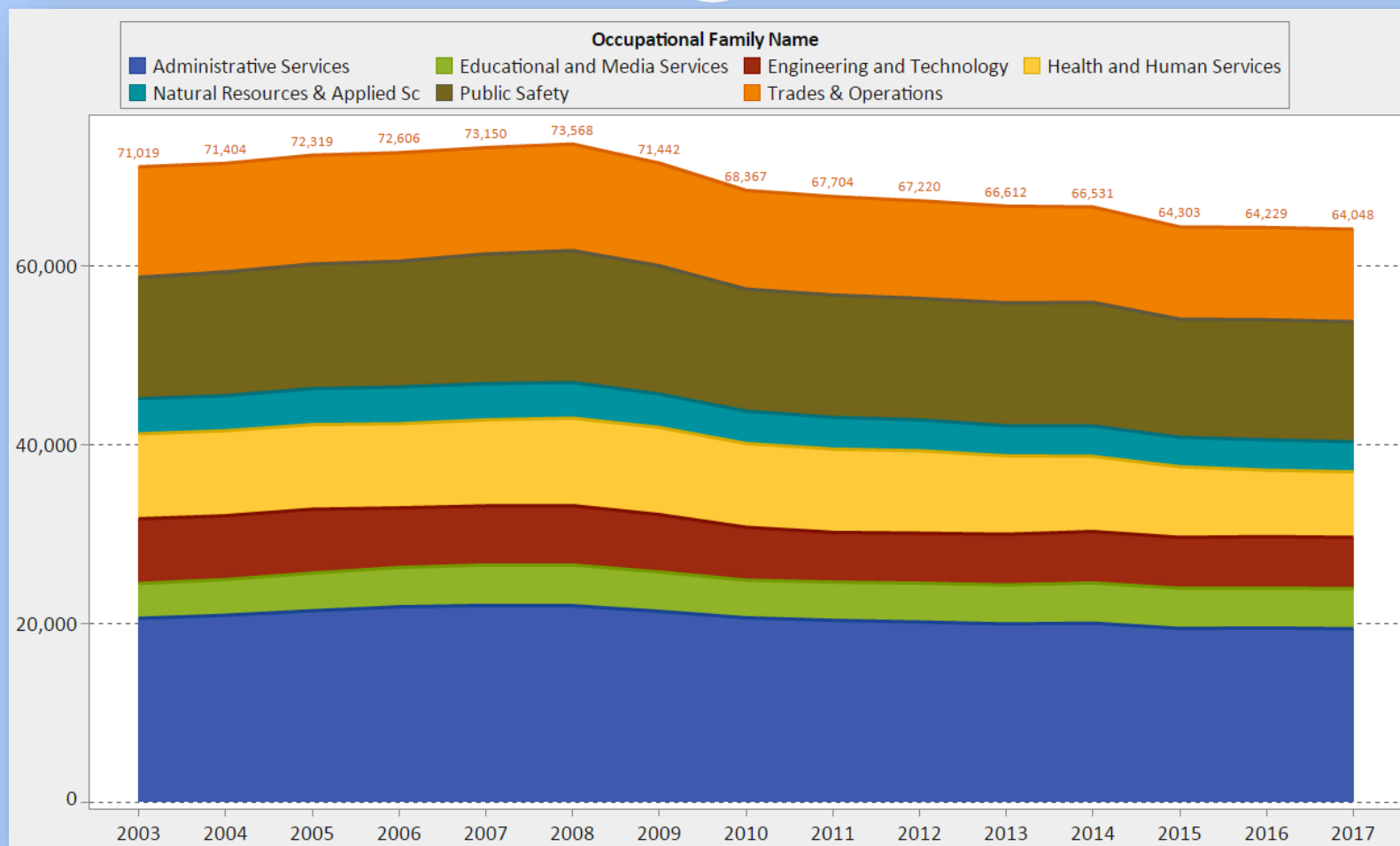
Workforce Trends



THE CHANGING NATURE OF WORK

Before we look forward, a brief look back...

5



Key Change Drivers of the Future Workforce

6

1. Technology & Automation
2. Service Delivery Evolution
3. Generational Change Dynamics
4. Turnover Dynamics

Technology & Automation

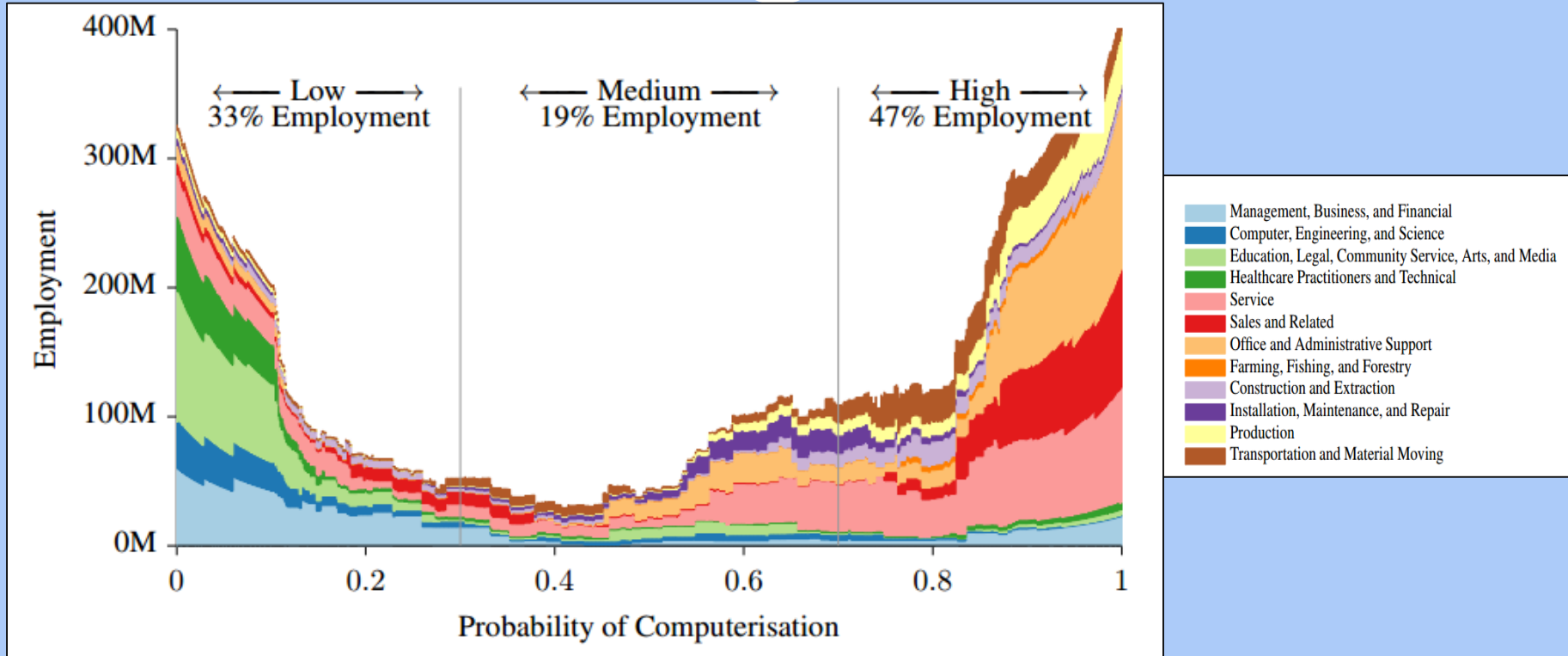
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- Current studies indicate 5% of jobs are at **risk of automation** in next 5 years
- The **more rote the tasks, the more susceptible a job** is to being replaced by technology or automation
- However, upfront and ongoing **capital investments** required to implement



Projected impact of automation by BLS occupational categories

8



Commonwealth Employees Possible High Impact:

- Management,
- Business and Financial
- Direct Service
- Customer Service
- Related Office & Administrative Support
- Construction,
- Maintenance
- Transportation

Service Delivery Evolution

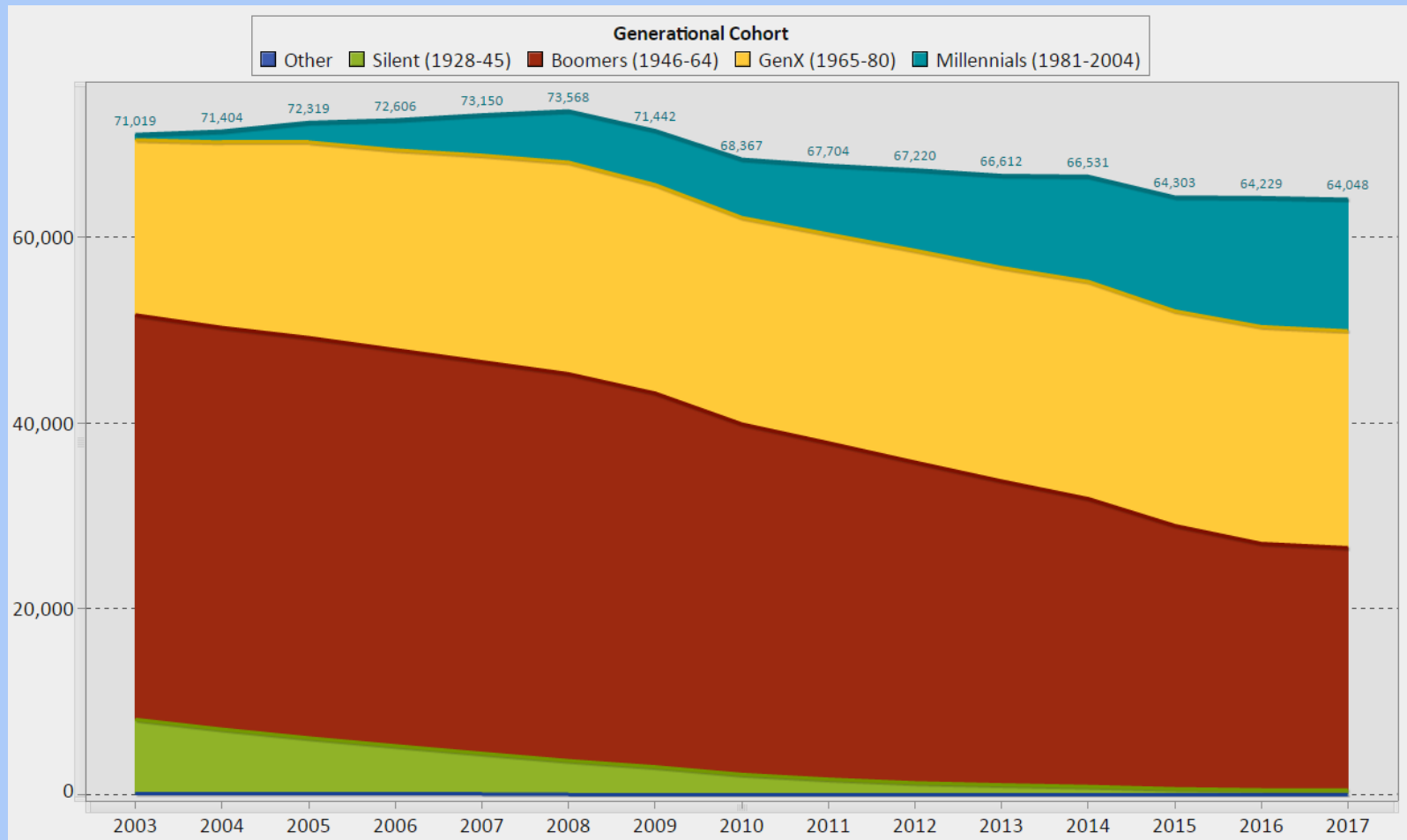
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More Complex & Broad Skills

Generational Cohort Shifts in the Classified Workforce

10



Generational dynamics are changing work expectations dramatically

11

- Competitive base pay
- Job security
- Mission driven, meaningful work
- App savvy
- Mobile work ready
- Ongoing feedback and mentoring
- Training & development
- Wellness and work/life balance



Shift from training to capability development

12

- Develop a blend of formal, informal learning, and “just in time” micro-learning resources
- Develop social learning capacity
- Ongoing mentoring and coaching
- Gamification to support motivation and engagement



Wellness

13

- 2016 is 30th anniversary for the state employee wellness program, CommonHealth
- 32% participation rate
- Focus on well being



**30th Anniversary
of CommonHealth**

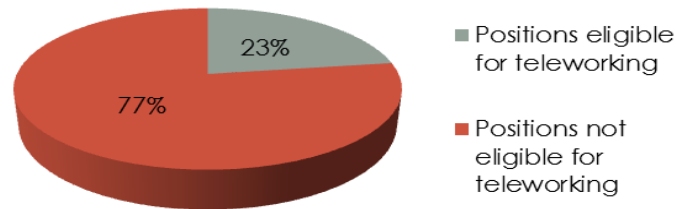
Since 1986 the Commonwealth of Virginia has offered CommonHealth to promote wellness at work. More than 500 state agency locations have active CommonHealth programs that show how wellness works for the workplace.

Contact us at Wellness@dhrm.virginia.gov to get your location involved.

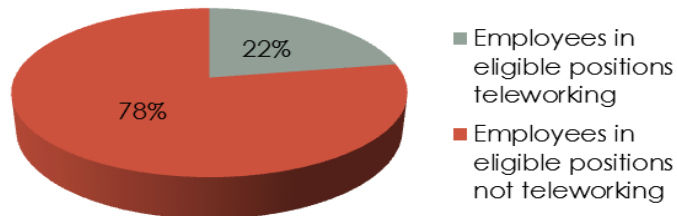
Work life balance is becoming more important in the recruitment process

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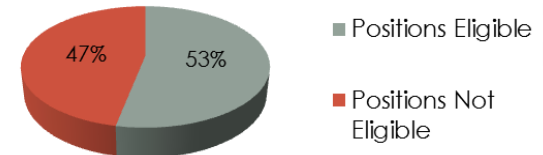
Telework - Eligibility



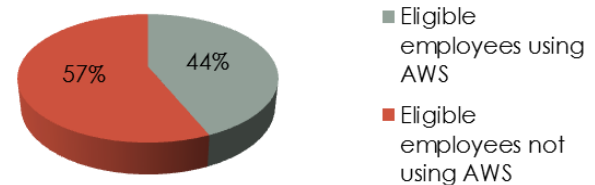
Telework - Usage



Alternate Work Schedule Eligibility



Alternate Work Schedule Usage



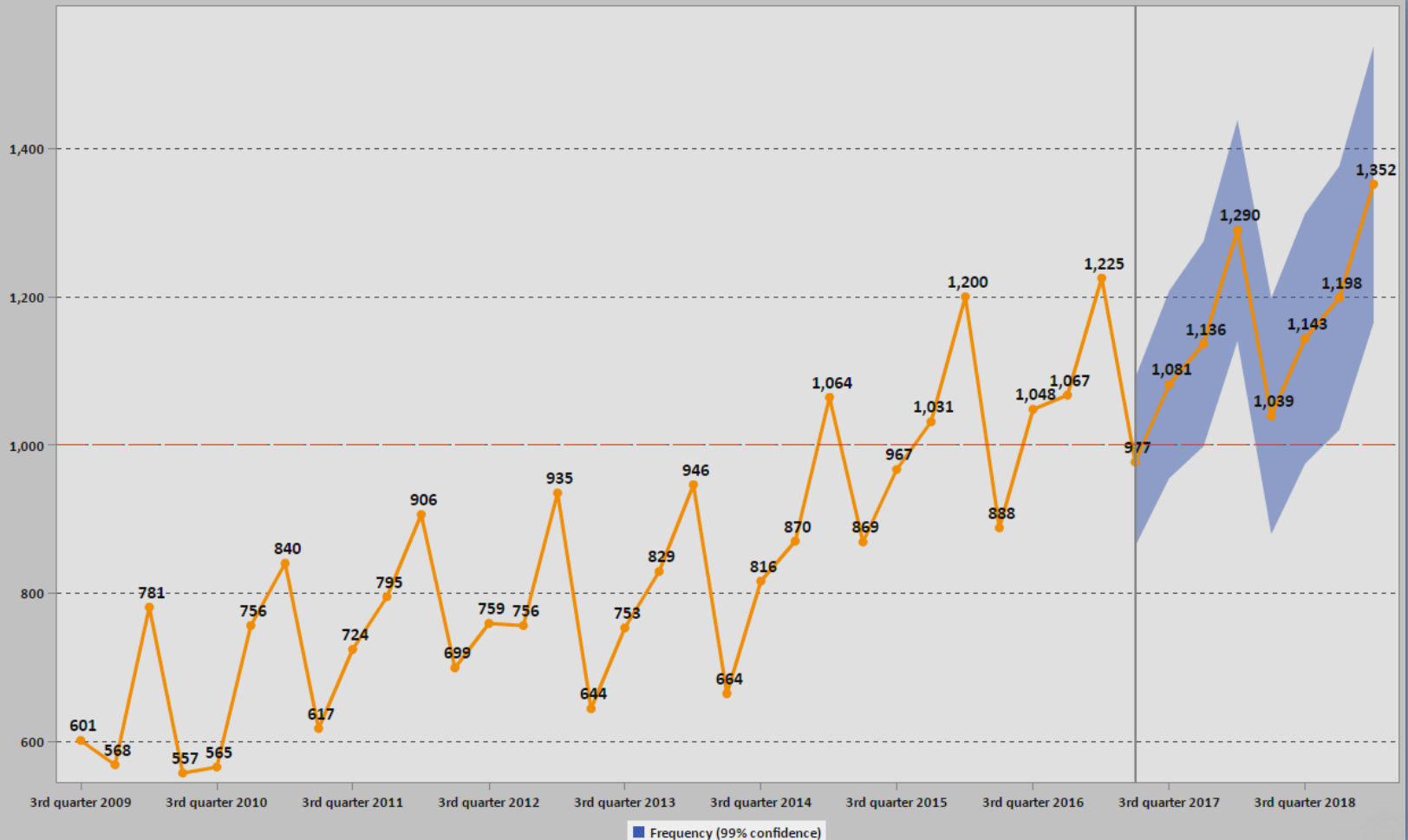
ANNUAL LEAVE

- Average annual leave earned 115.3 hours
- Average annual leave used 96.7 hours
- Average annual leave lost 3.3 hours

Turnover Dynamics

15

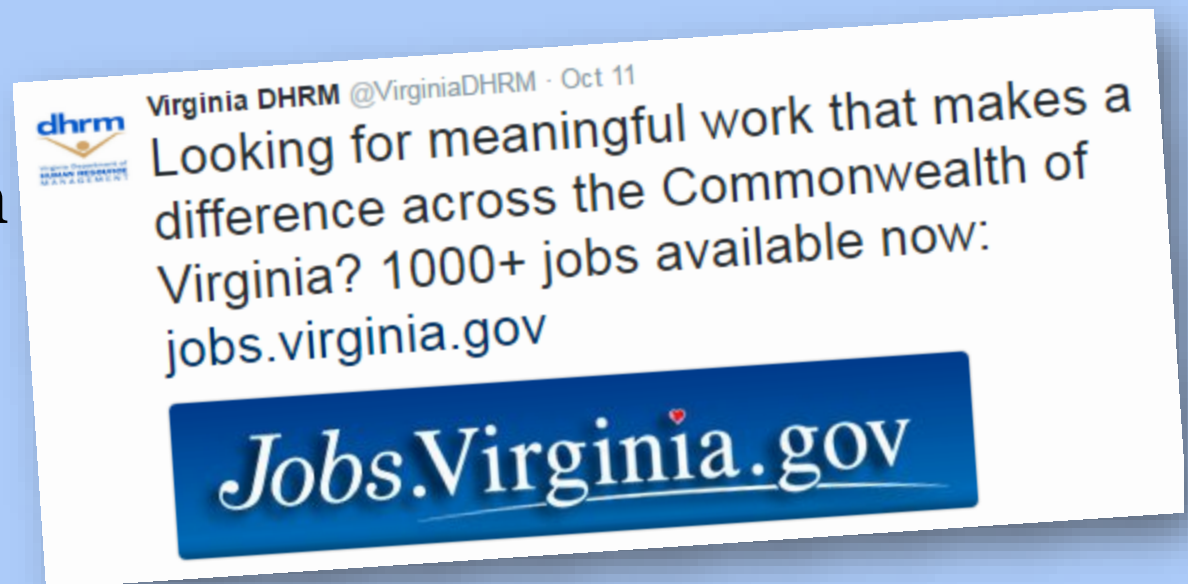
Classified Workforce Resign: During Probation, Better Job, Dissatisfied, & Other (With Forecast)



Building a strong employment brand for the new workforce

16

- Stress our strengths: work is mission focused and meaningful
- Address negative perceptions about government work
- “Post and Pray” is not an effective strategy



Workforce Trends Focus

17

- **Technology & automation** are driving change in work
 - Current technology
- **Service delivery evolution** is changing job profiles and skills profiles
 - Performance management system
 - Training and development
- **Generational and turnover** change dynamics are accelerating and we need to adapt
 - Total rewards
 - Commonwealth brand
 - Exit survey
 - Employee engagement survey












Compensation Reform 2000

18

RECOMMENDATIONS AND ACCOMPLISHMENTS

All recommendations of the Reform Commission were implemented except for Funding and Continuation of the Commission

19

Implemented	Compensation Reform 2000 Recommendations	
	1	Establish a new pay structure with 9 pay bands which are stepless, replacing the existing 23 pay grades with pay steps
	2	Merge the existing 1,650 classifications into approximately 275 new broadier job groupings called “roles”
	3	Support career growth by implementing new job groups called occupational families, career groups and roles
	4	Continue to use the position classification method in determining the minimum and maximum worth of each job in the new plan; Establish new compensable factors, such as complexity of work, results, and accountability, to replace the 7 compensation factors used to determine relative worth of each role
	5	Establish a new salary survey methodology to ensure classified salaries are competitive with appropriate public and private sector markets
	6	Establish a new performance management program with 3 rating levels to replace existing 5 rating levels; Incorporate optional features such as employee upward feedback on supervisor performance, employee-self-assessment, and team/individual supervisory appraisal
	7	Establish new pay practices such as in-range pay adjustments, rewards and recognition programs; Revise existing pay practices such as starting pay, promotion, reallocation and lateral transfer to make system more flexible
	8	Training and Communication of the new plan
	9	DHRM / Agencies Roles and Responsibilities under the new plan
	10	Funding of the new plan
	11	Continuation of the Commission

Pay Bands

Objectives

- Increase organizational flexibility
- Support new culture
- Emphasize career development
- Foster flatter organization
- De-emphasize structure/hierarchy
- Support changes in job/work design

- In 2000, 9 pay bands replaced 23 pay grades with pay steps
- Salary ranges may be adjusted annually as needed

BANDS	RANGE			EMPLOYEES	
	Minimum	SW Maximum	NOVA Maximum	Number	Percent
1	\$15,992	\$38,820	\$50,466	2,084	3.26%
2	\$20,894	\$49,370	\$64,181	7,795	12.19%
3	\$24,969	\$58,146	\$75,590	20,502	32.06%
4	\$32,619	\$74,617	\$97,002	16,980	26.55%
5	\$42,614	\$96,134	\$124,974	12,167	19.02%
6	\$55,672	\$124,244	\$161,517	3,737	5.84%
7	\$72,731	\$160,972	\$193,167	471	0.74%
8	\$95,013	\$208,950	\$250,740	201	0.31%
9	\$124,128	MARKET	MARKET	16	0.03%

Job Structure

Streamlined job structure

- **Occupational Families** –
Moved from 8 to 7
- **Career Groups** -
Moved from 580 to 78
- **Roles** –
Moved from 1,650 to 275



- **Occupational Family** - broad grouping of jobs that share similar vocational characteristics or nature of work
- **Career Group** - subgroup of an Occupational Family that identifies a specific occupational field
- **Role** – broad set of duties and responsibilities that typically describes the different levels and career progression through an occupational fields
- **Positon** – group of specific duties and responsibilities assigned to an employee within a role
- **Working Title** – agency specific title describing a position within a role

Career Progression

- **Occupational Family** – Engineering and Technology
- **Career Group** – Information Technology Specialists
- **Roles** – Each role represents a different level of work career progression
- **Career Paths**
 - Each career path requires work –related knowledge, skills, and abilities
 - May exist within a single role
 - May extend to other roles in this career group
 - May extend to roles in other occupationally -related Career Groups

- Dual Track Career Progression for Managers and Practitioners across Roles and Career Groups
- *IT Example*

PAY BAND	PRACTITIONER ROLES	ROLE CODE	MANAGEMENT ROLES	ROLE CODE
4	Information Technology Specialist I	39111		
5	Information Technology Specialist II	39112		
6	Information Technology Specialist III	39113	Information Technology Manager I	39115
7	Information Technology Specialist IV	39114	Information Technology Manager II	39116
8			Information Technology Manager III	39117

Salary Survey Methodology

Goal

- Pay employees fairly and consistently for the jobs they perform
- Sufficient to attract, retain and motivate the workforce

Methodology

- Track the market movement as reported by national consulting companies
- No longer conduct an annual survey

Average Performance Increase

- FY15 Forecast 2.98%
- FY15 Projected State Deviation -24.82%
- FY14 Market movement 2.88%

Average Structure Adjustments

- ✦ FY14 Actual 1.93%
- ✦ FY15 Forecast 1.94%

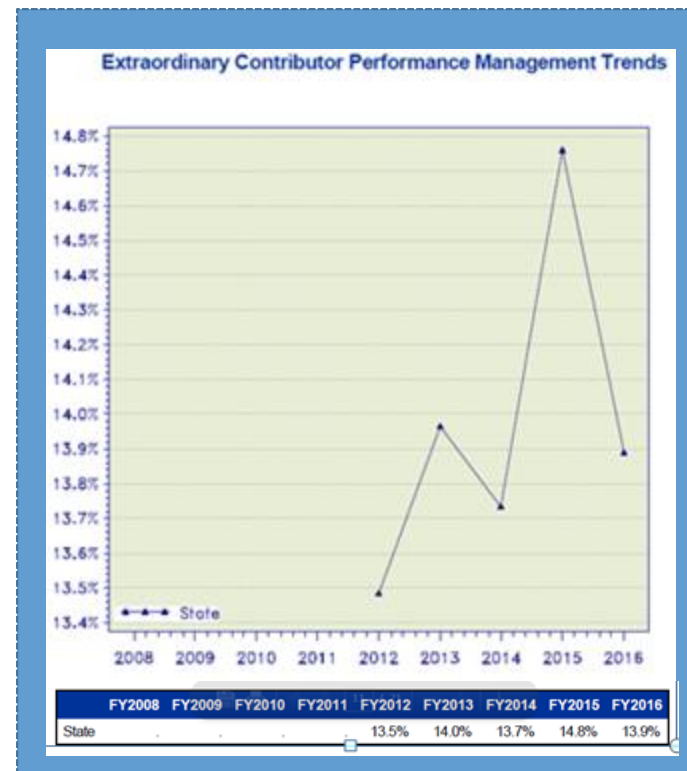
Occupation	Private Industry Average Salary	Average Virginia Employee Salary	Deviation
Attorney	145,224	80,138	-81.20%
Environmental Engineer	108,012	67,748	-59.40%
Marketing Specialist	84,355	54,018	-56.20%
Generic Engineer Supv	160,631	110,279	-45.70%
Accountant	83,604	60,405	-38.40%
Internal Auditor	83,604	60,405	-38.40%
Systems Analysis Supv	104,677	78,061	-34.10%
Chemist	89,957	67,145	-34.00%
Employee Training Specialist	74,073	58,297	-27.10%
Truck Driver, Light	29,449	23,639	-24.60%
HR Admin Supv	133,300	107,287	-24.20%
Laboratory Aide	52,810	43,330	-21.90%
Data Base Administrator	96,713	83,431	-15.90%
Security Guard, Unarmed	33,823	29,725	-13.80%
Maintenance Electrician	50,575	46,155	-9.60%
Yard Laborer/Janitorial Supv	32,758	30,519	-7.30%
Staff RN	67,698	64,009	-5.80%
Cook	26,865	25,581	-5.00%
Physical Therapist	90,254	88,323	-2.20%
Architect	87,924	86,412	-1.80%
Medical Lab Tech	58,824	58,037	-1.40%
Mail Clerk	28,761	28,582	-0.60%
Secretary	36,417	37,171	2.00%
Social Worker (MSW)	47,716	52,221	8.60%
Cashier	26,304	28,821	8.70%
Average			-21.20%

Performance Management

- 3 Levels
 - Extraordinary Contributor
 - Contributor
 - Below Contributor
- Formula-based salary increases based on rating
- Qualitative or numerical appraisal instrument
- Supervisory appraisal
- Employee self-assessment
- Team/group appraisal

Performance Rating Trends of Classified Employees

	ST FY2016	ST FY2015	ST FY2014
Extraordinary Contributor	13.9%	14.8%	13.7%
Contributor	85.9%	85.0%	86.0%
Below Contributor	0.2%	0.3%	0.3%

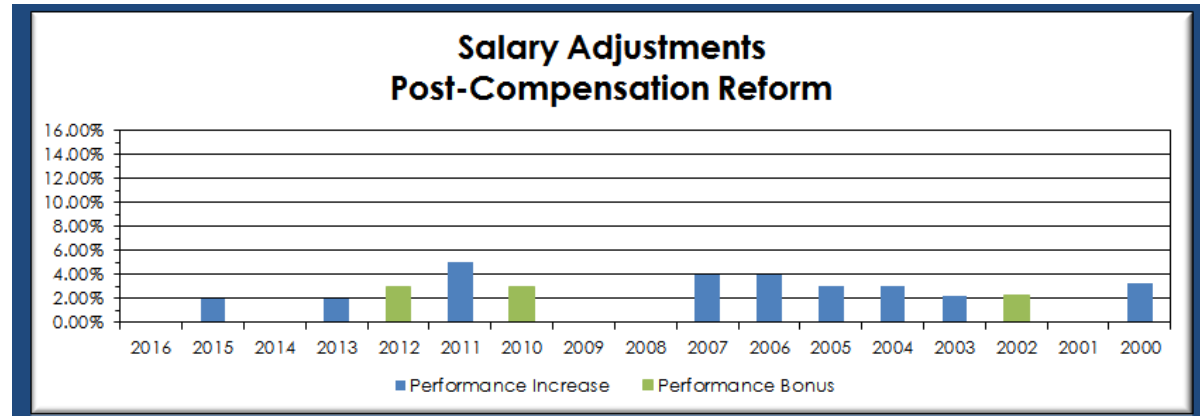


State-Funded Pay Adjustments

Replaced fixed increases from General Assembly

- **Role Adjustment** - maintain a role's market competitiveness
- **Performance-Based Adjustment** – reward employees rated contributor or extraordinary contributor
- **Pay Band Adjustment/Change** – adjust pay bands based on market conditions need to compete for competent labor force

- State-funded base pay increases have been awarded only 3 times since 2007



- Special salary actions have been taken to address compression as well as high turnover roles

2016 – 3% performance increase cancelled

2015 - Base salary increase to reduce salary compression for employees hired on or before 8/10/10

- \$65 per year up to 30 years of continuous service
- \$80 per year up to 30 years of continuous service for sworn officers in VSP
- \$1,000 base salary increase for employees in Security Officer I and III roles
- Additional 2% base increase for employees in 14 designated high turnover roles

2013 - Base salary increase to reduce salary compression for employees hired on or before 8/10/10

- \$65 per year up to 30 years of continuous service
- \$70 per year up to 30 years of continuous service for sworn officers in VSP

2011 – Only employees in VRS Plan 1 received 5% increase to offset required 5% VRS contribution

2010 – Bonus not performance related

2007 – Agencies allocated 0.5% of salaries to support internal pay practices

2005 - \$50 per year of service base salary increase to reduce salary compression for employees hired on or before 11/25/00

2002 – Employees could elect 2.25% bonus or 10 days of leave, or a combination of bonus and leave

Agency-Driven Pay Adjustments

• *Base pay*

- Starting pay
- Promotion
- Voluntary transfer
- Voluntary demotion
- Temporary pay
- Role change
- In-band adjustment
- Competitive offer
- Reassignment with pay band
- Disciplinary/performance related

• *Bonus pay*

- In-band bonus
- Employee recognition
- Service recognition award
- Employee suggestion

• *Exceptional Recruitment & Retention Options*

- Sign-on bonus
- Retention bonus
- Referral Bonus
- Project-based incentives
- Compensatory leave
- Annual leave

Statewide PAY PRACTICES Average Change in Salary

Reason	Count	Cum.	Average
Change of Duties Bonus	12	12	\$0
Change of Duties Salary	205	217	\$3,711
Competitive Salary Offer	50	267	\$5,640
Competitive Voluntary Transfer	610	877	\$3,489
Downward Role Change	4	881	\$0
Internal Alignment Bonus	1	882	\$0
Internal Alignment Salary	1824	2706	\$1,119
Lateral Role Change	1689	4395	\$36
New Knowledge/Skills/Abilities	373	4768	\$2,540
Non-Competitive Voluntary Trans	166	4934	\$369
Pos/Empl Admin Role Change	6	4940	\$0
Promotion	439	5379	\$5,813
Reassignment	98	5477	\$0
Retention Bonus	16	5493	\$0
Retention Salary Increase	230	5723	\$3,521
Temp Pay: Additional Duties	125	5848	\$0
Temp Pay: Special Assignment	14	5862	\$0
Temporary Pay: Acting Status	88	5950	\$0
Upward Role Change	135	6085	\$3,804
Voluntary Demotion	51	6136	\$-2,500

\$-6,000 \$4,000 \$14,000

Average Change In Salary

Fiscal Year 2017 YTD as of September 30, 2016
(Classified Employees Only)

Pay for Performance

- Annual statewide performance increases set by General Assembly and the Governor
- An underlying principal to the state's performance management philosophy is to administer financial rewards based on distinctions in performance
- Current policy allows each agency to make an election on the distribution of the performance increase
 - Agency as a whole, or
 - Designated sub-agency
- Performance evaluation formula
 - **Non-Contributors** receive NO increase
 - **Contributors** receive at least 80% of statewide increase

Example: If the Statewide Average Salary Adjustment is 3%, the increase for Contributors can equal any percentage from 2.4% (0.8 x 3.0%) to 3.0% (100% of 3.0%)
 - **Extraordinary Contributors** receive no more than 250% of statewide increase

Example: If the Statewide Average Salary Adjustment is 3%, the increase for Extraordinary Contributors can equal any percentage from 3.0% (100% of 3.0%) to 7.5% (2.5 x 3.0%)
- Although it is state policy, it has never been funded and the pay for performance as envisioned by the 2000 Compensation Reform Commission has never been implemented